

## Message Text

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C O N F I D E N T I A L STATE 052557

FOLLOWING REPEAT STATE 052557 SENT NATO INFO ROME DATED  
MARCH 7.

QUOTE

C O N F I D E N T I A L STATE 052557

E.O. 11652: GDS

TAGS: ETRD, MASS, NATO

SUBJECT: NATO-HAWK PRODUCTION PROBLEMS; US EXPORT LICENSE  
DELAYS

REF: USNATO 924

1. THE FOLLOWING IS THE BRIEF REQUESTED IN REF FOR  
USE BY US REP WHEN MATTER IS DISCUSSED AT MEETING  
OF MARCH 11-13, 1975.

2. WE FULLY RECOGNIZE THE IMPORTANCE OF THE NATO  
HAWK PROGRAM AND ITS VITAL ROLE IN NATO DEFENSE.  
FURTHER, HIGH PRIORITY RECOGNITION IS GIVEN TO THE  
NEED FOR TIMELY SUPPLY SUPPORT PROVIDED BY NHMO TOWARD  
ATTAINMENT OF THE HELIP PROGRAM.

3. HOWEVER, UNDER THE CURRENT US DEFENSE PRIORITY  
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SYSTEM IN THE PRODUCTION OF THE IMPROVED HAWK SYSTEM,

US GOVERNMENT REQUIREMENTS ARE AFFORDED A HIGHER PRIORITY THAN THOSE OF DIRECT SALES CUSTOMERS WHEN OPERATIONAL REQUIREMENTS DICTATE. THIS PRIORITY COVERS NOT ONLY THE MAJOR ITEMS OF EQUIPMENT OR COMPONENTS PRODUCED BY PRIME CONTRACTORS BUT ALSO PARTS PROCURED FROM SUB-CONTRACTORS AND VENDORS.

4. THE US ARMY IMPROVED HAWK PROGRAM HAS BEEN

EXPERIENCING SHORTAGES OF SELECTED CRITICAL PARTS FOR APPROXIMATELY 1 YEAR THEREBY DELAYING US DEPLOYMENT SCHEDULES. THIS FACT AND UNDERLYING CAUSES WERE MADE KNOWN TO THE HELIP TECHNICAL COMMITTEE AND NAHMO GENERAL MANAGER IN APRIL 1974.

5. THE INTERVENTION OF THE US ARMY IN REQUESTING A TEMPORARY DELAY IN ISSUING AN EXPORT LICENSE TO GENERAL ELECTRIC WAS PREDICATED ON THE FACT THAT THE TOTAL GE SHIPMENT INCLUDED COMPONENTS AND PARTS CRITICAL TO THE US HAWK PROGRAM WHICH INVOLVE DEPLOYING UNITS.

6. UNEXPECTED DELAYS IN APPROVING THE GE REQUEST FOR EXPORT LICENSE WAS DUE IN PART TO THE FACT THAT IT WAS NECESSARY FOR MICOM TO OBTAIN DETAILED SHIPPING LISTS OF SOME 7,000 LINE ITEMS IN USABLE FORM. THEY WERE NOT SUPPLIED WITH THE ORIGINAL EXPORT LICENSE-REQUEST. THEY THEN HAD TO BE REVIEWED, AT A TIME WHEN THERE WAS AN UNUSUALLY HEAVY WORKLOAD. FUTURE EXPORT LICENSE REQUESTS FOR SUPPORT OF HELIP PROGRAMS WILL BE GIVEN TOP PRIORITY TO PREVENT ANY DELAY IN NOTIFICATION OF POTENTIAL PROBLEMS AND TO INSURE A RESPONSE WITHIN THE 20 DAY PERIOD NORMALLY ALLOWED. IT WOULD SERVE BOTH OUR PURPOSES IF NHMO WOULD NOTIFY CONTRACTORS FOR THE HELIP PROGRAMS THAT THEY SHOULD REQUEST THEIR AGENTS TO SUBMIT LICENSE APPLICATIONS AS SOON AS POSSIBLE.

7. SUBSEQUENT TO INITIAL REVIEW OF THE GE REQUEST, 28 ITEMS WERE IDENTIFIED AS CRITICAL AND ACTION TAKEN TO DIVERT LIMITED QUANTITIES (APPROXIMATELY 5 PERCENT) CONFIDENTIAL

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OF EACH OF THE IDENTIFIABLE ITEMS TO MEET CRITICAL US REQUIREMENTS OF DEPLOYING UNITS.

8. RELEASE OF THE ENTIRE GE SHIPMENT (7000 LINE ITEMS) WITH THE EXCEPTION OF THE 28 LINE ITEMS REFERENCED ABOVE WAS APPROVED ON FEBRUARY 26, 1975. ON MARCH 5, THE EXPORT LICENSE WAS FURTHER AMENDED TO PERMIT EXPORT OF ALL OF THE REMAINING 28 LINE ITEMS

WITH THE EXCEPTION OF THOSE VERY LIMITED QUANTITIES  
REQUIRED BY THE US ARMY FOR OPERATIONAL READINESS.

9. MEETING HERE DURING PERIOD FEB 27 - MARCH 4  
WITH NHMO REPS WAS HIGHLY PRODUCTIVE. CLARIFICATION  
OF SITUATION ON BOTH SIDES AND BETTER UNDERSTANDING

OF EXPORT LICENSE AND RELATED PROBLEMS TOGETHER WITH  
RECOGNITION OF NEED FOR CLOSER COORDINATION AND  
COOPERATION RESULTED IN DEVELOPMENT OF A DRAFT MUTUAL  
EMERGENCY SUPPORT AGREEMENT FOR REVIEW AND APPROVAL  
BY THE NHMO GENERAL MANAGER AND DOD. COPY  
HAND-CARRIED TO PARIS BY LTC NELSON WHO ACCOMPANIED  
VISITING NHMO GROUP. THIS AGREEMENT IS DESIGNED TO  
ESTABLISH A US-HELIP MATERIEL SUPPORT PROGRAM TO  
COVER PRODUCTION MATERIAL AND FINISHED REPAIR  
PARTS FOR BOTH THE US AND NATO REQUIREMENTS TO MEET  
EMERGENCY NEEDS UNDER THE AGREEMENT, MATERIALS OR  
PARTS REQUIRED BY EITHER PARTY ON AN EXPEDITED  
BASIS WOULD BE SUPPLIED ON REQUEST AND REPAID IN KIND  
RATHER THAN BY MONETARY REIMBURSEMENT.

10. THE NATO HELIP WAS ASSIGNED A PRIORITY EQUAL  
TO THAT OF THE US PROGRAM IN FEBRUARY 1975 FOR A  
LIMITED PORTION OF ITS US PRODUCTION. UNTIL FEBRUARY  
1976 ORDERS PLACED ON BEHALF OF THE FIRMS INVOLVED IN  
THE NATO HELIP PROGRAM BY RAYTHEON COMPANY OR ITS  
SUBSIDIARY, RAYTHEON EUROPEAN MANUFACTURING SERVICES  
COMPANY (REMSCO) WILL THUS HAVE THE SAME PRIORITY AS  
THE US IMPROVED HAWK PROGRAM OVER NON PRIORITY RATED  
MILITARY AND COMMERCIAL ORDERS, UP TO A LIMIT OF  
APPROXIMATELY 34 MILLION DOLLARS.

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11. IT IS CONSIDERED UNLIKELY THE US GOVERNMENT WOULD  
BE LIABLE FOR DAMAGES SUFFERED BY NHPLO AS A RESULT  
OF DELAYS IN DELIVERIES OF ITEMS PURCHASED DIRECTLY  
FROM US SUPPLIERS. UNDER THE PROVISIONS OF RAYTHEON'S  
APPROVED TECHNICAL ASSISTANCE AGREEMENT WITH NHPLO  
MC 84-72, DATED NOVEMBER 22, 1972, CERTAIN ENUMERATED  
LIMITATIONS AND PROVISIONS WERE INCLUDED, I.E.,  
PARA 2, WHICH APPROVES THE PROGRAM PROVIDING THAT IT  
WOULD BE CONDUCTED ON A NON-INTERFERENCE BASIS  
WITH US GOVERNMENT REQUIREMENTS, AND PARA 4, WHICH  
SPECIFICALLY DISCLAIMS ANY US GOVERNMENT RESPONSIBILITIES  
FOR PRICES QUOTED, DELIVERY SCHEDULES OR TECHNICAL  
ADEQUACY.

12. WE BELIEVE THAT A MOST IMPORTANT FACTOR TO BE

LEARNED FROM THIS EXPERIENCE, AFTER WE HAVE STREAM-  
LINED OUR REVIEW PROCEDURES, IS THAT THE US AND OTHER  
NATO REQUIREMENTS CAN BE INTEGRATED CAREFULLY. THE  
RESULT SHOULD BE THAT BOTH PROGRAMS CAN BE SUCCESSFULLY  
MANAGED AND NEARLY ANY OBSTACLE OVERCOME. INGERSOLL  
UNQUOTE INGERSOLL

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## Message Attributes

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